

Tanzania

Population: **55.57 million**
GDP Growth: **7%**
GDP/Cap (PPP): **\$879**
Ease of Doing Business: **132**

"The Power Africa team in Tanzania has played a key support role for our project since Day 1. From making introductions to providing technical expertise they have been reliable and valuable partners for our business." Tom Carnahan. Owner, Wind Capital Group

ENERGY SECTOR OVERVIEW

Tanzania is the sixth-most populous country in sub-Saharan Africa; it connects six land-locked countries to the Indian Ocean; and, with the announcement of natural gas reserves, it presents opportunities for investment. Tanzania has abundant and world-class wind and solar resources. The Government of Tanzania has committed to reform the public utility's (TANESCO) operations, and meet new demand through low-cost solutions. High reliance on expensive thermal and emergency generation sources that have made the sector financially unviable. Tanzania has made progress in grid expansion, increasing generation capacity with natural gas, facilitating an enabling environment for solar home systems, and publishing of new standard Power Purchase Agreement for small producers 2017; but more progress is needed to provide adequate and reliable electricity.



GENERATION CAPACITY

Installed Capacity: 1,264 MW

- Hydroelectric: 568 MW
- Thermal: 685.4 MW
- Other Renewables: 82.4 MW

Power Africa New MW to date

- Reached Financial Close: 162.5 MW

Power Africa 2030 Pipeline 2,302 MW



CONNECTIONS

Current Access Rate: 32.8%

- Rural: 17% Urban: 65%

Households without Power: 37 million

- Target: Universal access by 2030

Power Africa New Off-Grid

Connections: 2,068,700

INVESTMENT AND ENABLING ENVIRONMENT

Biggest Issues and Bottlenecks

1. Governance, political will
2. Lack of creditworthy off-taker
3. Lack of cost-reflective tariffs

Power Africa Interventions

1. Business Plan for the Transmission System Operator
2. Competitive Framework for Small and large Renewable Projects (REFT)
3. Transaction advisory support to REA and TANESCO



POWER AFRICA'S ENGAGEMENT IN TANZANIA

MW GENERATION

Power Africa is supporting the Tanzanian energy sector through transaction assistance for priority generation projects, technical advice to release the constraints to private sector investment, and capacity building for key institutions. The 150 MW Kinyerezi I gas-fired thermal plant has been commissioned, powered by four GE turbines (185 MW). The Kinyerezi Extension project will add even more megawatts to the grid.

CONNECTIONS

Interventions include support to various other companies through USAID's DIV and USADF's Off Grid Energy Challenge, jointly supporting over 14 enterprises to deliver off-grid energy solutions in Tanzania. Power Africa is working to reduce losses and hybridize five isolated diesel generation plants in Tanzania. Loliondo in Arusha, Liwale in Lindi, Kibondo and Kasulu in Kigoma, and Mpanda in Rukwa. The five sites will create opportunity for private sector investment for Developing Renewable power plants to reduce dependency on expensive diesel generators.

SUCCESSSTORIES

In 2015, Power Africa began working with TANESCO to establish and develop an independent transmission system operator, or TSO. Separating electricity transmission from generation and distribution is key to creating transparency and providing open access to the electricity grid, and is critical for establishing power pool transactions with neighboring countries.

Power Africa advised TANESCO on the business structure, revenue requirements, transmission tariff margin, and five-year financial model. These elements laid the groundwork for Power Africa to help design the TSO Business Plan and Transition Roadmap, pointing the way toward a fully operational TSO by 2021.



Power Africa developed and delivered TANESCO's first verified power system single-line diagram (network map).

Power Africa is also supporting off-grid power providers like Devergy, a social energy services company. Devergy is uniquely pioneering the concept of affordable, rapidly deployable, "living" micro-grids, allowing customers to power household lighting and appliances. With USAID DIV support, Devergy is testing various "productive use" models to encourage customers to use their power connections for income-generating purposes, thereby facilitating the transition up the "energy ladder."

ABOUT POWER AFRICA

Power Africa is comprised of 12 U.S. Government Agencies, over 140 private companies, and 16 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the numbers of people with access to power. Power Africa's goal is to achieve 30,000 MW of new generated power and 60 million new connection by 2030 to reach 300 million Africans.

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